

DOUBLE TAXATION: SHIPPING PROFITS

Exchange of notes at Washington March 31 and June 8, 1926

Entered into force June 8, 1926; operative from July 18, 1924

Revived (after World War II) July 22, 1953,¹ pursuant to article 7 of treaty of peace signed at San Francisco September 8, 1951²

47 Stat. 2578; Executive Agreement Series 3

The Japanese Ambassador to the Secretary of State

JAPANESE EMBASSY

WASHINGTON, March 31, 1926

No. 41

SIR:

With reference to your note dated September 1, 1925, concerning the reciprocal exemption from taxation of income derived from the operation of merchant vessels, I have the honor to state, under instructions from Tokio, that my Government is happy to signify its willingness to agree with the views of the Treasury Department as stated in your note under acknowledgment; namely, that the reciprocal exemption shall be carried out from and including July 18, 1924, the date on which the Japanese Law No. 6 was promulgated, without adopting the methods suggested in my note dated June 18, 1925; and, further, that the exemption from taxation accorded by Section 213(b) (8) of the Revenue Act of 1924³ applies only to such income as is derived from sources within the "United States" as that term is defined in Section 2 of the said Act, and from sources within the Virgin Islands.

In bringing the above to your knowledge, I am happy to note that a unanimity of views has been reached between our two Governments on this subject, and shall be glad if you will be good enough to take steps with the Treasury Department to the end that an arrangement looking to the reciprocal exemption in question be put into force.

Accept, Sir, the renewed assurances of my highest consideration.

T. MATSUDAIRA

Honorable FRANK B. KELLOGG,
Secretary of State.

¹ *Department of State Bulletin*, May 18, 1953, p. 721.

² 3 UST 3175; TIAS 2490.

³ 43 Stat. 269.

The Secretary of State to the Japanese Ambassador

DEPARTMENT OF STATE
WASHINGTON, *June 8, 1926*

EXCELLENCY:

Referring further to your note of March 31, 1926, and to previous correspondence in regard to the establishment by the United States and Japan of reciprocal exemption from taxation of income derived from the operation of merchant vessels, I have the honor to inform you of the receipt of a letter on the subject from the Secretary of the Treasury dated May 26, 1926.

The Secretary of the Treasury states that he approved, on February 1, 1926, Treasury Decision 3812 embodying the ruling that from July 18, 1924, Japan satisfies the equivalent exemption provision of Section 213(b)(8) of the Revenue Act of 1924, and that this action is all that is necessary to give effect to the reciprocal arrangement on the part of the United States.

Accept, Excellency, the renewed assurances of my highest consideration.

JOSEPH C. GREW
Acting Secretary of State

His Excellency
MR. TSUNEO MATSUDAIRA,
Japanese Ambassador.